



March 17, 2015

ENGROSSED SENATE BILL No. 265

DIGEST OF SB 265 (Updated March 17, 2015 10:05 am - DI 96)

Citations Affected: IC 5-10; IC 5-10.3; IC 5-10.4; IC 36-8.

Synopsis: Purchase of service credit. Permits a member of the public employees' retirement fund (PERF) to purchase at full actuarial cost the member's prior service in the 1977 police officers' and firefighters' pension and disability fund (1977 fund). Requires the board of trustees of the Indiana public retirement system to transfer from the 1977 fund to PERF the member's contributions and the present value of the unreduced benefit payable upon retirement that is attributable to the member. Requires the transferred amounts to be credited against the contributions required to purchase the member's prior 1977 fund service. Permits the member's employer to pay all or a part of the member's contributions required for the purchase of the member's prior 1977 fund service. Provides that credit in the 1977 fund for the service that is purchased is waived. Makes a technical correction to service purchase provisions of public pension and retirement funds.

Effective: July 1, 2015.

Kruse, Boots, Tallian

(HOUSE SPONSOR — COX)

January 7, 2015, read first time and referred to Committee on Pensions & Labor.
January 15, 2015, amended, reported favorably — Do Pass.
January 20, 2015, read second time, ordered engrossed. Engrossed.
January 22, 2015, returned to second reading.
January 26, 2015, re-read second time, amended, ordered engrossed.
January 27, 2015, engrossed. Read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

March 2, 2015, read first time and referred to Committee on Employment, Labor and Pensions.
March 17, 2015, reported — Do Pass.

ES 265—LS 6730/DI 102



March 17, 2015

First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

ENGROSSED SENATE BILL No. 265

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-10-5.5-7.5, AS AMENDED BY P.L.23-2011,
2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2015]: Sec. 7.5. (a) As used in this section, "board" refers to
4 the board of trustees of the Indiana public retirement system
5 established by IC 5-10.5-3-1.
6 (b) As used in this section, "public retirement fund" refers
7 collectively to:
8 (1) the public employees' retirement fund (IC 5-10.3);
9 (2) the Indiana state teachers' retirement fund (IC 5-10.4);
10 (3) the state police pension trust (IC 10-12); and
11 (4) the 1977 police officers' and firefighters' pension and
12 disability fund (IC 36-8-8).
13 (c) Subject to this section, a participant may purchase **and claim**
14 service credit for the participant's prior service in a position covered by
15 a public retirement fund.
16 (d) To purchase the service credit described in subsection (c), a

ES 265—LS 6730/DI 102



- 1 participant must meet the following requirements:
- 2 (1) The participant has at least one (1) year of creditable service
- 3 in the retirement plan created by this chapter.
- 4 (2) The participant has not attained vested status in and is not an
- 5 active participant in the public retirement fund from which the
- 6 participant is purchasing the service credit.
- 7 (3) Before the participant retires, the participant makes
- 8 contributions to the retirement plan created by this chapter as
- 9 follows:
- 10 (A) Contributions that are equal to the product of the
- 11 following:
- 12 (i) The participant's salary at the time the participant actually
- 13 makes a contribution for the service credit.
- 14 (ii) A rate, determined by the actuary for the retirement plan
- 15 created by this chapter, based on the age of the participant
- 16 at the time the participant actually makes a contribution for
- 17 service credit and computed to result in a contribution
- 18 amount that approximates the actuarial present value of the
- 19 benefit attributable to the service credit purchased.
- 20 (iii) The number of years of service credit the participant
- 21 intends to purchase.
- 22 (B) Contributions for any accrued interest, at a rate determined
- 23 by the actuary for the retirement plan created by this chapter,
- 24 for the period from the participant's initial participation in the
- 25 retirement plan created by this chapter to the date payment is
- 26 made by the participant.
- 27 (e) At the request of the participant purchasing service credit under
- 28 this section, the amount a participant is required to contribute under
- 29 subsection (d)(3) may be reduced by a trustee to trustee transfer from
- 30 a public retirement fund in which the participant has an account that
- 31 contains amounts attributable to member contributions (plus any
- 32 credited earnings) to the retirement plan created by this chapter. The
- 33 participant may direct the transfer of an amount only to the extent
- 34 necessary to fund the service purchase under subsection (d)(3). The
- 35 participant shall complete any forms required by the public retirement
- 36 fund from which the participant is requesting a transfer or the
- 37 retirement plan created by this chapter before the transfer is made.
- 38 (f) At least ten (10) years of service in the retirement plan created
- 39 by this chapter is required before a participant may receive a benefit
- 40 based on service credit purchased under this section.
- 41 (g) A participant who:
- 42 (1) terminates employment before satisfying the eligibility



requirements necessary to receive an annual retirement allowance; or

(2) receives an annual retirement allowance for the same service from another tax supported governmental retirement plan other than under the federal Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the retirement plan created by this chapter.

(h) The following may apply to the purchase of service credit under this section:

(1) The board may allow a participant to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A participant may not claim the service credit for purposes of determining eligibility for a benefit or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of



the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 2. IC 5-10.3-7-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.5. (a) As used in this section, "out-of-state service" means service in another state in a comparable position that would be creditable service if performed in Indiana.

(b) Subject to subsections (c) through (f), a member may purchase **and claim** out-of-state service credit if the member meets the following requirements:

(1) The member has at least one (1) year of creditable service in the fund.

(2) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(3) The member has received verification from the fund that the out-of-state service is, as of that date, valid.

(c) Out-of-state years that qualify a member for retirement in an out-of-state system or in any federal retirement system may not be granted under this section.

(d) At least ten (10) years of service in Indiana is required before a member may receive a benefit based on out-of-state service credits.

(e) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from



another tax supported public employee retirement plan other than under the Social Security Act; may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(f) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 3. IC 5-10.3-7-4.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.6. (a) Subject to the provisions of this section, a member may purchase **and claim** service credit for the member's prior service in a position covered by the 1925 police pension fund under IC 36-8-6, the 1937 firefighters' pension fund under IC 36-8-7, or the 1953 police pension fund under IC 36-8-7.5 if the member meets the following requirements:

(1) The member has at least one (1) year of credited service in the fund.

(2) The member has not attained vested status in and is not an active member of the 1925 police pension fund, the 1937 firefighters' pension fund, or the 1953 police pension fund.

(3) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of service credit the member



- 1 intends to purchase.
- 2 (B) Contributions for any accrued interest, at a rate determined
- 3 by the actuary for the fund, for the period from the member's
- 4 initial membership in the fund to the date payment is made by
- 5 the member.
- 6 (4) The member has received verification from the fund that the
- 7 service in the 1925 police pension fund, the 1937 firefighters'
- 8 pension fund, or the 1953 police pension fund is, as of that date,
- 9 valid.
- 10 (b) At least ten (10) years of service in Indiana is required before a
- 11 member may receive a benefit based on service credits purchased
- 12 under this section.
- 13 (c) A member who:
- 14 (1) terminates employment before satisfying the eligibility
- 15 requirements necessary to receive a monthly allowance; or
- 16 (2) receives a monthly allowance for the same service from
- 17 another tax supported public employee retirement plan other than
- 18 under the Social Security Act;
- 19 may withdraw the purchase amount plus accumulated interest after
- 20 submitting a properly completed application for a refund to the fund.
- 21 (d) The following apply to the purchase of service credit under this
- 22 section:
- 23 (1) The board may allow a member to make periodic payments of
- 24 the contributions required for the purchase of the service credit.
- 25 The board shall determine the length of the period during which
- 26 the payments must be made.
- 27 (2) The board may deny an application for the purchase of service
- 28 credit if the purchase would exceed the limitations under Section
- 29 415 of the Internal Revenue Code.
- 30 (3) A member may not claim the service credit for purposes of
- 31 determining eligibility or computing benefits unless the member
- 32 has made all payments required for the purchase of the service
- 33 credit.
- 34 SECTION 4. IC 5-10.3-7-4.7 IS ADDED TO THE INDIANA
- 35 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 36 [EFFECTIVE JULY 1, 2015]: **Sec. 4.7. (a) As used in this section,**
- 37 **"1977 fund" refers to the 1977 police officers' and firefighters'**
- 38 **pension and disability fund established by IC 36-8-8-4.**
- 39 **(b) A member may purchase and claim service credit for the**
- 40 **member's prior service in a position covered by the 1977 fund**
- 41 **subject to the following:**
- 42 **(1) The member must have at least one (1) year of credited**



1 service in the fund.

2 (2) The member must not have attained vested status in and
3 may not be an active member of the 1977 fund.

4 (3) The member must have at least ten (10) years of credited
5 service in the fund before the member may claim the service
6 credit.

7 (4) Before the member retires, the member must make
8 contributions to the fund as follows:

9 (A) Contributions that are equal to the product of the
10 following:

11 (i) The member's salary at the time the member makes
12 a contribution for the service credit.

13 (ii) A percentage rate, as determined by the actuary of
14 the fund, based on the age of the member at the time the
15 member makes a contribution for service credit and
16 computed to result in a contribution amount that
17 approximates the actuarial present value of the benefit
18 attributable to the service credit purchased.

19 (iii) The number of years of 1977 fund service the
20 member intends to purchase.

21 (B) Contributions for any accrued interest, at a rate
22 determined by the actuary of the fund, for the period from
23 the member's initial membership in the fund to the date
24 payment is made by the member.

25 (5) The member must receive verification from the fund that
26 the member's service in the 1977 fund is valid.

27 (c) If a member meets the requirements to purchase service
28 credit under this section and applies to purchase service credit
29 under this section, the board shall transfer from the 1977 fund to
30 the retirement allowance account of the fund:

31 (1) the member's contributions made under IC 36-8-8-8(a), if
32 the contributions were not returned to the member under
33 IC 36-8-8-8(c); plus

34 (2) the present value of the unreduced benefit payable upon
35 retirement under IC 36-8-8-10 that is attributable to the
36 member.

37 The amount a member must contribute to the fund under
38 subsection (b)(4) is reduced by the amount transferred to the fund
39 under this subsection.

40 (d) A member who:

41 (1) terminates employment before satisfying the eligibility
42 requirements necessary to receive a monthly allowance; or



(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act; may withdraw the personal contributions made under this section plus accumulated interest after submitting to the fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

(f) If the requirements of subsection (b) are satisfied, credit for the member's service in a position covered by the 1977 fund that is purchased under this section is waived.

(g) To the extent permitted by the Internal Revenue Code and applicable regulations, the fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(h) To the extent permitted by the Internal Revenue Code and applicable regulations, the fund may accept, on behalf of a member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.



(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(i) The member's employer may pay all or a part of the member's contributions required for the purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (d), (e)(1), (e)(3), and (g) do not apply.

SECTION 5. IC 5-10.3-7-4.8, AS ADDED BY P.L.148-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.8. (a) As used in this section, "state quasi-governmental entity service" means service in Indiana that would be considered creditable service if performed by an employee of a member of the fund by an individual who:

- (1) provided the service as an employee of a body corporate and politic, nonprofit corporation established by the state, or other quasi-governmental entity that performed a state governmental function; and
- (2) was not a member of the fund under section 1 of this chapter during the period of employment.

(b) A member may purchase **and claim** state quasi-governmental entity service credit subject to the following:

- (1) The member must have at least one (1) year of credited service in the fund.
- (2) The member must have at least ten (10) years of in-state credited service before the member may claim the service credit.
- (3) Before the member retires, the member must make contributions to the fund:
 - (A) that are equal to the product of:
 - (i) the member's salary at the time the member actually makes a contribution for the service credit;
 - (ii) a percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and
 - (iii) the number of years of state quasi-governmental entity service the member intends to purchase; and
 - (B) for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.



(4) The member must provide verification of the service with the state quasi-governmental entity in a manner prescribed by the fund.

(c) State quasi-governmental entity service that qualifies a member for retirement in a private retirement system or a federal retirement system may not be granted under this section.

(d) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;

may withdraw the personal contributions made under the contributory plan plus accumulated interest after submitting to the fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 6. IC 5-10.3-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. (a) A member who:

(1) enters the United States armed services;

(2) leaves ~~his~~ the **member's** contributions in the fund;

(3) except as provided in subsection (c), resumes service with ~~his~~ **the member's** employer within one hundred twenty (120) days after ~~his~~ **the member's** unconditional discharge; and

(4) would be entitled to service credit for military service under the Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.) if the member had resumed service with the member's employer within ninety (90) days after discharge;

is entitled to service credit for the armed service.

(b) A state employee who left employment before January 1, 1946,



1 or an employee of a political subdivision who left employment before
 2 the participation date, to enter the United States armed services is
 3 entitled to service credit for the armed service if ~~he~~ **the member**:

4 (1) except as provided in subsection (c), resumes service with the
 5 employer within one hundred twenty (120) days after ~~his~~ **the**
 6 **member's** unconditional discharge; and

7 (2) would be entitled to service credit for military service under
 8 the applicable requirements of federal law in effect at the time of
 9 reemployment if the employee had resumed service with the
 10 employee's employer within ninety (90) days after discharge.

11 (c) The board shall extend the one hundred twenty (120) day
 12 reemployment requirement contained in subsection (a)(3) or (b)(1) if
 13 the board determines that an illness, an injury, or a disability related to
 14 the member's military service prevented the member from resuming
 15 employment within one hundred twenty (120) days after the member's
 16 discharge from military service. However, the board may not extend the
 17 deadline beyond thirty (30) months after the member's discharge.

18 (d) If a member retires and the board subsequently determines that
 19 the member is entitled to additional service credit due to the extension
 20 of a deadline under subsection (c), the board shall recompute the
 21 member's benefit. However, the additional service credit may be used
 22 only in the computation of benefits to be paid after the date of the
 23 board's determination, and the member is not entitled to a
 24 recomputation of benefits received before the date of the board's
 25 determination.

26 (e) Notwithstanding any provision of this section, a member is
 27 entitled to service credit and benefits in the amount and to the extent
 28 required by the Uniformed Services Employment and Reemployment
 29 Rights Act (38 U.S.C. 4301 et seq.).

30 (f) Subject to the provisions of this section, an active member may
 31 purchase **and claim** not more than two (2) years of service credit for
 32 the member's service on active duty in the armed services if the
 33 member meets the following conditions:

34 (1) The member has at least one (1) year of credited service in the
 35 fund.

36 (2) The member serves on active duty in the armed services of the
 37 United States for at least six (6) months.

38 (3) The member receives an honorable discharge from the armed
 39 services.

40 (4) Before the member retires, the member makes contributions
 41 to the fund as follows:

42 (A) Contributions that are equal to the product of the



following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, that is based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

However, a member is entitled to purchase service credit under this subsection only to the extent that service credit is not granted for that time under another provision of this section. At least ten (10) years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section. A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance or receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(g) The following apply to the purchase of service credit under subsection (f):

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 7. IC 5-10.4-4-4, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) As used in this section, "out-of-state service" means



1 service in any state in a comparable position that would be creditable
 2 service if performed in Indiana. The term includes comparable service
 3 performed:

- 4 (1) on a United States military installation;
- 5 (2) in a federal prison; or
- 6 (3) at an educational facility operated or supervised by the Bureau
 7 of Indian Affairs.

8 (b) In computing the service credit for a member who began
 9 teaching in Indiana before July 1, 1981, and who has served as a public
 10 school teacher out of state, the board may include the greater of:

- 11 (1) eight (8) years of out-of-state service rendered before July 1,
 12 1981; or
- 13 (2) one (1) year of out-of-state service rendered before July 1,
 14 1981, for every four (4) years of in-state service.

15 (c) In addition, a member may purchase **and claim** out-of-state
 16 service credit that has not been claimed under subsection (b) subject to
 17 the limitations of subsections (d) and (e) if the member satisfies the
 18 following requirements:

19 (1) The member has at least one (1) year of creditable service in
 20 the fund.

21 (2) Before the member retires, the member makes contributions
 22 to the fund that meet the following requirements:

23 (A) The contributions are equal to the product of the
 24 following:

25 (i) For service credit purchased before January 1, 1994, the
 26 member's salary when the member first became a member
 27 of the fund. For service credit purchased after December 31,
 28 1993, the member's salary at the time the member actually
 29 makes a contribution for the service credit.

30 (ii) For service credit purchased before January 1, 1994,
 31 normal cost, as determined by the actuary of the fund. For
 32 purposes of this section, "normal cost" means the value of
 33 the annual amount required to fund the prospective benefits
 34 promised an employee for the work the employee has
 35 performed. For service credit purchased after December 31,
 36 1993, a percentage rate, as determined by the actuary of the
 37 fund, based on the age of the member at the time the
 38 member actually makes a contribution for service credit and
 39 computed to result in a contribution amount that
 40 approximates the actuarial present value of the benefit
 41 attributable to the service credit purchased.

42 (iii) The number of years of out-of-state service the member



- 1 intends to purchase.
- 2 (B) The contributions are for any accrued interest, at a rate
- 3 determined by the actuary for the fund, for the period from the
- 4 member's initial membership in the fund to the date payment
- 5 is made by the member.
- 6 (3) The member has received verification from the fund that the
- 7 out-of-state service is, as of that date, valid.
- 8 (d) Out-of-state years that qualify a member for retirement in an
- 9 out-of-state system or in a federal retirement system may not be granted
- 10 under this section.
- 11 (e) After April 1, 1965, at least ten (10) years of in-state service is
- 12 required before a member may claim any out-of-state service credits.
- 13 (f) A member who:
- 14 (1) terminates employment before satisfying the eligibility
- 15 requirements necessary to receive a monthly allowance; or
- 16 (2) receives a monthly allowance for the same service from
- 17 another tax supported public employee retirement plan other than
- 18 under the federal Social Security Act;
- 19 may withdraw the personal contributions made under the contributory
- 20 plan plus accumulated interest after submitting a properly completed
- 21 application for a refund to the fund.
- 22 (g) The following apply to the purchase of service credit under this
- 23 section after July 1, 1998:
- 24 (1) The board may allow a member to make periodic payments of
- 25 the contributions required for the purchase of the service credit.
- 26 The board shall determine the length of the period during which
- 27 the payments must be made.
- 28 (2) The board may deny an application for the purchase of service
- 29 credit if the purchase would exceed the limitations under Section
- 30 415 of the Internal Revenue Code.
- 31 (3) A member may not claim the service credit for purposes of
- 32 determining eligibility or computing benefits unless the member
- 33 has made all payments required for the purchase of the service
- 34 credit.
- 35 (h) Contributions received after July 1, 1993, for the purchase of
- 36 service credit under this section must be applied against the unfunded
- 37 accrued liability of the fund.
- 38 SECTION 8. IC 5-10.4-4-5, AS ADDED BY P.L.2-2006, SECTION
- 39 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
- 40 2015]: Sec. 5. (a) As used in this section, "private teaching service"
- 41 means service in Indiana as a teacher in a private school, kindergarten
- 42 through postsecondary, that would be creditable service if performed



1 in an accredited public school in Indiana.

2 (b) A member may purchase **and claim** private teaching service
3 credit subject to the following:

4 (1) The member must have at least one (1) year of credited
5 service in the fund.

6 (2) The member must have at least ten (10) years of in-state
7 credited service before the member may claim the service credit.

8 (3) Before the member retires, the member must make
9 contributions to the fund:

10 (A) that are equal to the product of:

11 (i) the member's salary at the time the member actually
12 makes a contribution for the service credit;

13 (ii) a percentage rate, as determined by the actuary of the
14 fund, based on the age of the member at the time the
15 member makes a contribution for service credit and
16 computed to result in a contribution amount that
17 approximates the actuarial present value of the benefit
18 attributable to the service credit purchased; and

19 (iii) the number of years of private teaching service the
20 member intends to purchase; and

21 (B) for any accrued interest, at a rate determined by the
22 actuary of the fund, for the period from the member's initial
23 membership in the fund to the date payment is made by the
24 member.

25 (4) The fund must receive verification from the private school that
26 the private teaching service occurred.

27 (c) Service for years of private teaching that qualify a member for
28 retirement in an out-of-state system, a private retirement system, or a
29 federal retirement system may not be granted under this section.

30 (d) A member who:

31 (1) terminates employment before satisfying the eligibility
32 requirements necessary to receive a monthly allowance; or

33 (2) receives a monthly allowance for the same service from
34 another tax supported public employee retirement plan other than
35 under the federal Social Security Act;

36 may withdraw the personal contributions made under the contributory
37 plan plus accumulated interest after submitting to the fund a properly
38 completed application for a refund.

39 (e) The following apply to the purchase of service credit under this
40 section:

41 (1) The board may allow a member to make periodic payments of
42 the contributions required for the purchase of the service credit.



The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 9. IC 5-10.4-4-6, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) As used in this section, "substitute teaching service" means service in Indiana as a substitute teacher that is not covered under section 1(c) of this chapter but is served by a person who has other service that is covered under section 1(a) of this chapter.

(b) A member may purchase **and claim** substitute teaching service if:

(1) the member has at least one (1) year of creditable service in the fund;

(2) before the member retires, the member makes contributions to the fund:

(A) that are equal to the product of:

(i) the member's salary at the time the member actually makes a contribution for the service credit;

(ii) a percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and

(iii) the number of years of substitute teaching service the member intends to purchase; and

(B) for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member; and

(3) the fund receives verification from the school corporation that the substitute teaching service occurred.

(c) Service for years of substitute teaching that qualify a member for retirement in an out-of-state system or in a federal retirement system may not be granted under this section.

(d) A member who:



(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;

may withdraw the personal contributions made under the contributory plan plus accumulated interest after submitting to the fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 10. IC 5-10.4-4-8, AS AMENDED BY P.L.115-2009, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8. (a) This subsection applies to a member who retires before July 1, 1980. A member who had completed four (4) years of approved college teacher education before voluntary or involuntary induction into the military services is entitled to credit for that service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if before or during the leave of absence the member pays into the fund the member's contributions. Time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter.

(b) This subsection applies to a member who retires after June 30, 1980. A member who completed four (4) years of approved college teacher education before voluntary or involuntary induction into military service is entitled to credit for the member's active military service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if the following conditions are met:



(1) The member has an honorable discharge.

(2) Except as provided in subsection (g), the member returns to active teaching service not later than twenty-four (24) months after the completion of active military service.

(3) The member has at least ten (10) years of in-state service credit.

The time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(c) This subsection applies to a member who retires after May 1, 1989. A member who had begun but had not completed four (4) years of approved college teacher education before voluntary or involuntary induction into the military services is entitled to service credit in an amount equal to the duration of the member's active military service if the following conditions are met:

(1) The member has an honorable discharge.

(2) Except as provided in subsection (g), the member returns to a four (4) year approved college teacher training program not later than twenty-four (24) months after the completion of active military service and subsequently completes that program.

(3) The member has at least ten (10) years of in-state service credit.

The time served by a member in active military service for the length of active service in the hostilities and the necessary demobilization is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(d) This subsection applies to a member who retires after May 1, 1991, and who is employed at a state educational institution. A member who had begun but had not completed baccalaureate or post-baccalaureate education before voluntary or involuntary induction into military service is entitled to the member's active military service credit for the member's active military service in an amount equal to the duration of the member's military service if the following conditions are met:

(1) The member received an honorable discharge.

(2) Except as provided in subsection (g), the member returns to baccalaureate or post-baccalaureate education not later than twenty-four (24) months after completion of active military



1 service and subsequently completes that education.

2 (3) The member has at least ten (10) years of in-state service
3 credit.

4 The time served by a member in active military service for the length
5 of active service in the hostilities and the necessary demobilization is
6 not subject to the one-seventh rule set forth in section 7 of this chapter.
7 However, not more than six (6) years of military service credit may be
8 granted under this subsection.

9 (e) For purposes of this section, a member returns to active teaching
10 service on the earlier of:

11 (1) the date on which the member signs a teacher's contract; or

12 (2) the date on which the member is first employed in a position
13 covered by this article.

14 (f) For purposes of this section, a member returns to:

15 (1) a teacher training program; or

16 (2) baccalaureate or post-baccalaureate education;

17 on the date the member registers for or enrolls in classes that the
18 member attends.

19 (g) The board shall extend the twenty-four (24) month deadline
20 contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines
21 that an illness, an injury, or a disability related to the member's military
22 service prevented the member from returning to active teaching service
23 or to a teacher education program not later than twenty-four (24)
24 months after the member's discharge from military service. However,
25 the board may not extend the deadline beyond forty-eight (48) months
26 after the member's discharge.

27 (h) If a member retires and the board subsequently determines that
28 the member is entitled to additional service credit due to the extension
29 of a deadline under subsection (g), the board shall recompute the
30 member's benefit. However, the additional service credit may be used
31 only in the computation of benefits to be paid after the date of the
32 board's determination, and the member is not entitled to a
33 recomputation of benefits received before the date of the board's
34 determination.

35 (i) Notwithstanding any provision of this section, a member is
36 entitled to military service credit and benefits in the amount and to the
37 extent required by the federal Uniformed Services Employment and
38 Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later
39 amendments.

40 (j) Subject to this section, an active member may purchase **and**
41 **claim** not more than two (2) years of service credit for the member's
42 service on active duty in the armed services if the member meets the



1 following conditions:

2 (1) The member has at least one (1) year of credited service in the
3 fund.

4 (2) The member serves on active duty in the armed services of the
5 United States for at least six (6) months.

6 (3) The member receives an honorable discharge from the armed
7 services.

8 (4) Before the member retires, the member makes contributions
9 to the fund as follows:

10 (A) Contributions that are equal to the product of:

11 (i) the member's salary at the time the member actually
12 makes a contribution for the service credit;

13 (ii) a rate, determined by the actuary of the fund, that is
14 based on the age of the member at the time the member
15 actually makes a contribution for service credit and
16 computed to result in a contribution amount that
17 approximates the actuarial present value of the benefit
18 attributable to the service credit purchased; and

19 (iii) the number of years of service credit the member
20 intends to purchase.

21 (B) Contributions for any accrued interest, at a rate determined
22 by the actuary of the fund, for the period from the member's
23 initial membership in the fund to the date payment is made by
24 the member.

25 However, a member is entitled to purchase service credit under this
26 subsection only to the extent that service credit is not granted for that
27 time under another provision of this section. At least ten (10) years of
28 service in Indiana is required before a member may receive a benefit
29 based on service credits purchased under this section. A member who
30 terminates employment before satisfying the eligibility requirements
31 necessary to receive a monthly allowance or receives a monthly
32 allowance for the same service from another tax supported public
33 employee retirement plan other than under the federal Social Security
34 Act may withdraw the purchase amount plus accumulated interest after
35 submitting a properly completed application for a refund to the fund.

36 (k) The following apply to the purchase of service credit under
37 subsection (j):

38 (1) The board may allow a member to make periodic payments of
39 the contributions required for the purchase of the service credit.
40 The board shall determine the length of the period during which
41 the payments must be made.

42 (2) The board may deny an application for the purchase of service



credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

(l) This subsection applies to a member who retires after June 30, 2006. A member may not receive credit under this section for service for which the member receives service credit under the terms of a military or another governmental retirement plan.

SECTION 11. IC 36-8-8-8.3, AS AMENDED BY P.L.35-2012, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8.3. (a) This section applies to a fund member who, after June 30, 2009, completes service for which the 1977 fund gives credit.

(b) A fund member may purchase **and claim** not more than two (2) years of service credit for the fund member's service on active duty in the armed services if the fund member meets the following conditions:

(1) The fund member has at least one (1) year of credited service in the fund.

(2) The fund member serves on active duty in the armed services of the United States for at least six (6) months.

(3) The fund member receives an honorable discharge from the armed services.

(4) Before the fund member retires, the fund member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the 1977 fund, that is based on the age of the fund member at the time the fund member actually makes a contribution for service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date



1 payment is made by the fund member.

2 (c) A fund member must have at least twenty (20) years of service
3 before a fund member may receive a benefit based on a service credit
4 purchased under this section. A fund member's years of service may not
5 exceed thirty-two (32) years with the inclusion of the service credit
6 purchased under this section.

7 (d) A fund member may not receive service credit under this
8 section:

9 (1) for service credit received under IC 36-8-5-7; or

10 (2) if the military service for which the fund member requests
11 credit also qualifies the fund member for a benefit in a military or
12 another governmental retirement system.

13 (e) A fund member who:

14 (1) terminates service before satisfying the eligibility
15 requirements necessary to receive a retirement benefit payment
16 from the 1977 fund; or

17 (2) receives a retirement benefit for the same service from another
18 retirement system, other than under the federal Social Security
19 Act;

20 may withdraw the fund member's contributions made under this section
21 plus accumulated interest after submitting to the fund a properly
22 completed application for a refund.

23 (f) The following apply to the purchase of service credit under this
24 section:

25 (1) The system board may allow a fund member to make periodic
26 payments of the contributions required for the purchase of the
27 service credit. The system board shall determine the length of the
28 period during which the payments must be made.

29 (2) The system board may deny an application for the purchase of
30 service credit if the purchase would exceed the limitations under
31 Section 415 of the Internal Revenue Code.

32 (3) A fund member may not claim the service credit for purposes
33 of determining eligibility or computing benefits unless the fund
34 member has made all payments required for the purchase of the
35 service credit.

36 (g) To the extent permitted by the Internal Revenue Code and
37 applicable regulations, the 1977 fund may accept, on behalf of a fund
38 member who is purchasing service credit under this section, a rollover
39 of a distribution from any of the following:

40 (1) A qualified plan described in Section 401(a) or Section 403(a)
41 of the Internal Revenue Code.

42 (2) An annuity contract or account described in Section 403(b) of



the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 12. IC 36-8-8-8.5, AS AMENDED BY P.L.35-2012, SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8.5. (a) This section applies to a fund member who, after June 30, 2010, completes service for which the 1977 fund gives credit.

(b) As used in this section, "public retirement fund" refers to any of the following, either singly or collectively:

(1) The public employees' retirement fund (IC 5-10.3).

(2) The Indiana state teachers' retirement fund (IC 5-10.4).

(3) The state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement fund (IC 5-10-5.5).

(4) The state police pension trust (IC 10-12).

(5) A sheriff's pension trust (IC 36-8-10-12).

(c) Subject to this section, a fund member may purchase **and claim** service credit for the fund member's prior service in a position covered by a public retirement fund.

(d) To purchase **and claim** the service credit described in subsection (c), a fund member must meet the following requirements:

(1) The fund member has at least one (1) year of creditable service in the 1977 fund.

(2) The fund member has not attained vested status in and is not an active member in the public retirement fund from which the fund member is purchasing service credit.

(3) Before the fund member retires, the fund member makes contributions to the 1977 fund as follows:

(A) Contributions that are equal to the product of the



following:

(i) The salary of a first class patrolman or firefighter at the time the fund member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary for the 1977 fund, that is based on the age of the fund member at the time the fund member actually makes a contribution for the service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(e) At the request of the fund member purchasing service credit under this section, the amount a fund member is required to contribute under subsection (d)(3) may be reduced by a trustee to trustee transfer from the public retirement fund in which the fund member has an account that contains amounts attributable to member contributions (plus any credited earnings) to the 1977 fund. The fund member may direct the transfer of an amount only to the extent necessary to fund the service purchase under subsection (d)(3). The fund member shall complete any forms required by the public retirement fund from which the fund member is requesting a transfer or the 1977 fund before the transfer is made.

(f) A fund member must have at least twenty (20) years of service in the 1977 fund before a fund member may receive a retirement benefit based on service credit purchased under this section. A fund member's years of service may not exceed thirty-two (32) years with the inclusion of the service credit purchased under this section.

(g) A fund member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the 1977 fund; or

(2) receives a retirement benefit for the same service from another tax supported governmental retirement plan other than the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting a properly completed application for a refund to the 1977 fund.



(h) The following apply to the purchase of service credit under this section:

(1) The system board may allow a fund member to make periodic payments of the contributions required for the purchase of the service credit. The system board shall determine the length of the period during which the payments may be made.

(2) The system board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(k) The fund member's employer may pay all or a part of the fund member's contributions required for the purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (g), (h)(1), (h)(3), and (i) do not apply.

SECTION 13. IC 36-8-8-8.8, AS AMENDED BY P.L.35-2012, SECTION 124, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8.8. (a) This section applies to a



1 fund member who, after June 30, 2010, completes service for which the
2 1977 fund gives credit.

3 (b) As used in this section, "out-of-state service" means service in
4 another state in a comparable position for which the fund member
5 would receive service credit in the 1977 fund if the service had been
6 performed in Indiana.

7 (c) Subject to subsections (d) through (g), a fund member may
8 purchase **and claim** out-of-state service credit if the fund member
9 meets the following requirements:

10 (1) The fund member has at least one (1) year of credited service
11 in the 1977 fund.

12 (2) Before the fund member retires, the fund member makes
13 contributions to the 1977 fund as follows:

14 (A) Contributions that are equal to the product of the
15 following:

16 (i) The salary of a first class patrolman or firefighter at the
17 time the fund member makes a contribution for the service
18 credit.

19 (ii) A rate, determined by the actuary for the 1977 fund, that
20 is based on the age of the fund member at the time the fund
21 member makes a contribution for the service credit and that
22 is computed to result in a contribution amount that
23 approximates the actuarial present value of the retirement
24 benefit attributable to the service credit purchased.

25 (iii) The number of years of out-of-state service credit the
26 fund member intends to purchase.

27 (B) Contributions for any accrued interest, at a rate determined
28 by the actuary for the 1977 fund, for the period from the fund
29 member's initial membership in the 1977 fund to the date
30 payment is made by the fund member.

31 (3) The fund member has received verification from the 1977
32 fund that the out-of-state service is, as of the date payment is
33 made by the fund member, valid.

34 (d) A fund member must have at least twenty (20) years of service
35 before the fund member may receive a benefit based on service credit
36 purchased under this section. A fund member's years of service may not
37 exceed thirty-two (32) years with the inclusion of service credit
38 purchased under this section.

39 (e) A fund member may not receive service credit under this section
40 if the service for which the fund member requests credit also qualifies
41 the fund member for a benefit in another governmental retirement
42 system.



(f) A fund member who:

- (1) terminates service before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the 1977 fund; or
- (2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

(g) The following apply to the purchase of service credit under this section:

- (1) The system board may allow a fund member to make periodic payments of the contributions required for the purchase of the service credit. The system board shall determine the length of the period during which the payments must be made.
- (2) The system board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) The fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.
- (4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(i) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

- (1) An annuity contract or account described in Section 403(b) of



- 1 the Internal Revenue Code.
- 2 (2) An eligible deferred compensation plan under Section 457(b)
- 3 of the Internal Revenue Code.



COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 265, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 3, between lines 12 and 13, begin a new paragraph and insert:

"(f) If the requirements of subsection (b) are satisfied, credit for the member's service in a position covered by the 1977 fund that is purchased under this section is waived."

Page 3, line 13, delete "(f)" and insert "(g)".

Page 3, line 27, delete "(g)" and insert "(h)".

Page 3, line 35, delete "(h)" and insert "(i)".

Page 3, line 38, delete "(f)" and insert "(g)".

and when so amended that said bill do pass.

(Reference is to SB 265 as introduced.)

BOOTS, Chairperson

Committee Vote: Yeas 10, Nays 0.

 SENATE MOTION

Madam President: I move that Engrossed SB 265, which is eligible for third reading, be returned to second reading for purposes of amendment.

KRUSE

 SENATE MOTION

Madam President: I move that Senate Bill 265 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-5.5-7.5, AS AMENDED BY P.L.23-2011, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7.5. (a) As used in this section, "board" refers to the board of trustees of the Indiana public retirement system established by IC 5-10.5-3-1.

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(b) As used in this section, "public retirement fund" refers collectively to:

- (1) the public employees' retirement fund (IC 5-10.3);
- (2) the Indiana state teachers' retirement fund (IC 5-10.4);
- (3) the state police pension trust (IC 10-12); and
- (4) the 1977 police officers' and firefighters' pension and disability fund (IC 36-8-8).

(c) Subject to this section, a participant may purchase **and claim** service credit for the participant's prior service in a position covered by a public retirement fund.

(d) To purchase the service credit described in subsection (c), a participant must meet the following requirements:

- (1) The participant has at least one (1) year of creditable service in the retirement plan created by this chapter.
- (2) The participant has not attained vested status in and is not an active participant in the public retirement fund from which the participant is purchasing the service credit.
- (3) Before the participant retires, the participant makes contributions to the retirement plan created by this chapter as follows:

(A) Contributions that are equal to the product of the following:

- (i) The participant's salary at the time the participant actually makes a contribution for the service credit.
- (ii) A rate, determined by the actuary for the retirement plan created by this chapter, based on the age of the participant at the time the participant actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.
- (iii) The number of years of service credit the participant intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the retirement plan created by this chapter, for the period from the participant's initial participation in the retirement plan created by this chapter to the date payment is made by the participant.

(e) At the request of the participant purchasing service credit under this section, the amount a participant is required to contribute under subsection (d)(3) may be reduced by a trustee to trustee transfer from a public retirement fund in which the participant has an account that contains amounts attributable to member contributions (plus any



credited earnings) to the retirement plan created by this chapter. The participant may direct the transfer of an amount only to the extent necessary to fund the service purchase under subsection (d)(3). The participant shall complete any forms required by the public retirement fund from which the participant is requesting a transfer or the retirement plan created by this chapter before the transfer is made.

(f) At least ten (10) years of service in the retirement plan created by this chapter is required before a participant may receive a benefit based on service credit purchased under this section.

(g) A participant who:

- (1) terminates employment before satisfying the eligibility requirements necessary to receive an annual retirement allowance; or
- (2) receives an annual retirement allowance for the same service from another tax supported governmental retirement plan other than under the federal Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the retirement plan created by this chapter.

(h) The following may apply to the purchase of service credit under this section:

- (1) The board may allow a participant to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.
- (2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A participant may not claim the service credit for purposes of determining eligibility for a benefit or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (3) An eligible plan that is maintained by a state, a political



subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 2. IC 5-10.3-7-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.5. (a) As used in this section, "out-of-state service" means service in another state in a comparable position that would be creditable service if performed in Indiana.

(b) Subject to subsections (c) through (f), a member may purchase **and claim** out-of-state service credit if the member meets the following requirements:

(1) The member has at least one (1) year of creditable service in the fund.

(2) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.



(3) The member has received verification from the fund that the out-of-state service is, as of that date, valid.

(c) Out-of-state years that qualify a member for retirement in an out-of-state system or in any federal retirement system may not be granted under this section.

(d) At least ten (10) years of service in Indiana is required before a member may receive a benefit based on out-of-state service credits.

(e) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(f) The following apply to the purchase of service credit under this section:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 3. IC 5-10.3-7-4.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.6. (a) Subject to the provisions of this section, a member may purchase **and claim** service credit for the member's prior service in a position covered by the 1925 police pension fund under IC 36-8-6, the 1937 firefighters' pension fund under IC 36-8-7, or the 1953 police pension fund under IC 36-8-7.5 if the member meets the following requirements:

(1) The member has at least one (1) year of credited service in the fund.

(2) The member has not attained vested status in and is not an active member of the 1925 police pension fund, the 1937 firefighters' pension fund, or the 1953 police pension fund.

(3) Before the member retires, the member makes contributions to the fund as follows:



(A) Contributions that are equal to the product of the following:

- (i) The member's salary at the time the member actually makes a contribution for the service credit.
- (ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.
- (iii) The number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(4) The member has received verification from the fund that the service in the 1925 police pension fund, the 1937 firefighters' pension fund, or the 1953 police pension fund is, as of that date, valid.

(b) At least ten (10) years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section.

(c) A member who:

- (1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or
- (2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(d) The following apply to the purchase of service credit under this section:

- (1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.
- (2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member



has made all payments required for the purchase of the service credit."

Page 1, line 6, after "purchase" insert "**and claim**".

Page 3, after line 42, begin a new paragraph and insert:

"SECTION 5. IC 5-10.3-7-4.8, AS ADDED BY P.L.148-2007, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4.8. (a) As used in this section, "state quasi-governmental entity service" means service in Indiana that would be considered creditable service if performed by an employee of a member of the fund by an individual who:

- (1) provided the service as an employee of a body corporate and politic, nonprofit corporation established by the state, or other quasi-governmental entity that performed a state governmental function; and
- (2) was not a member of the fund under section 1 of this chapter during the period of employment.

(b) A member may purchase **and claim** state quasi-governmental entity service credit subject to the following:

- (1) The member must have at least one (1) year of credited service in the fund.
- (2) The member must have at least ten (10) years of in-state credited service before the member may claim the service credit.
- (3) Before the member retires, the member must make contributions to the fund:

(A) that are equal to the product of:

- (i) the member's salary at the time the member actually makes a contribution for the service credit;
- (ii) a percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and
- (iii) the number of years of state quasi-governmental entity service the member intends to purchase; and

(B) for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

- (4) The member must provide verification of the service with the state quasi-governmental entity in a manner prescribed by the fund.



(c) State quasi-governmental entity service that qualifies a member for retirement in a private retirement system or a federal retirement system may not be granted under this section.

(d) A member who:

- (1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or
- (2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;

may withdraw the personal contributions made under the contributory plan plus accumulated interest after submitting to the fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

- (1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.
- (2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 6. IC 5-10.3-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. (a) A member who:

- (1) enters the United States armed services;
- (2) leaves ~~his~~ the **member's** contributions in the fund;
- (3) except as provided in subsection (c), resumes service with ~~his~~ **the member's** employer within one hundred twenty (120) days after ~~his~~ **the member's** unconditional discharge; and
- (4) would be entitled to service credit for military service under the Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.) if the member had resumed service with the member's employer within ninety (90) days after discharge;

is entitled to service credit for the armed service.

(b) A state employee who left employment before January 1, 1946, or an employee of a political subdivision who left employment before the participation date, to enter the United States armed services is entitled to service credit for the armed service if ~~he~~ **the member**:

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(1) except as provided in subsection (c), resumes service with the employer within one hundred twenty (120) days after ~~his~~ **the member's** unconditional discharge; and

(2) would be entitled to service credit for military service under the applicable requirements of federal law in effect at the time of reemployment if the employee had resumed service with the employee's employer within ninety (90) days after discharge.

(c) The board shall extend the one hundred twenty (120) day reemployment requirement contained in subsection (a)(3) or (b)(1) if the board determines that an illness, an injury, or a disability related to the member's military service prevented the member from resuming employment within one hundred twenty (120) days after the member's discharge from military service. However, the board may not extend the deadline beyond thirty (30) months after the member's discharge.

(d) If a member retires and the board subsequently determines that the member is entitled to additional service credit due to the extension of a deadline under subsection (c), the board shall recompute the member's benefit. However, the additional service credit may be used only in the computation of benefits to be paid after the date of the board's determination, and the member is not entitled to a recomputation of benefits received before the date of the board's determination.

(e) Notwithstanding any provision of this section, a member is entitled to service credit and benefits in the amount and to the extent required by the Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.).

(f) Subject to the provisions of this section, an active member may purchase **and claim** not more than two (2) years of service credit for the member's service on active duty in the armed services if the member meets the following conditions:

(1) The member has at least one (1) year of credited service in the fund.

(2) The member serves on active duty in the armed services of the United States for at least six (6) months.

(3) The member receives an honorable discharge from the armed services.

(4) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.



(ii) A rate, determined by the actuary of the fund, that is based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

However, a member is entitled to purchase service credit under this subsection only to the extent that service credit is not granted for that time under another provision of this section. At least ten (10) years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section. A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance or receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(g) The following apply to the purchase of service credit under subsection (f):

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 7. IC 5-10.4-4-4, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 4. (a) As used in this section, "out-of-state service" means service in any state in a comparable position that would be creditable service if performed in Indiana. The term includes comparable service performed:



- (1) on a United States military installation;
- (2) in a federal prison; or
- (3) at an educational facility operated or supervised by the Bureau of Indian Affairs.

(b) In computing the service credit for a member who began teaching in Indiana before July 1, 1981, and who has served as a public school teacher out of state, the board may include the greater of:

- (1) eight (8) years of out-of-state service rendered before July 1, 1981; or
- (2) one (1) year of out-of-state service rendered before July 1, 1981, for every four (4) years of in-state service.

(c) In addition, a member may purchase **and claim** out-of-state service credit that has not been claimed under subsection (b) subject to the limitations of subsections (d) and (e) if the member satisfies the following requirements:

(1) The member has at least one (1) year of creditable service in the fund.

(2) Before the member retires, the member makes contributions to the fund that meet the following requirements:

(A) The contributions are equal to the product of the following:

(i) For service credit purchased before January 1, 1994, the member's salary when the member first became a member of the fund. For service credit purchased after December 31, 1993, the member's salary at the time the member actually makes a contribution for the service credit.

(ii) For service credit purchased before January 1, 1994, normal cost, as determined by the actuary of the fund. For purposes of this section, "normal cost" means the value of the annual amount required to fund the prospective benefits promised an employee for the work the employee has performed. For service credit purchased after December 31, 1993, a percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service the member intends to purchase.

(B) The contributions are for any accrued interest, at a rate determined by the actuary for the fund, for the period from the



member's initial membership in the fund to the date payment is made by the member.

(3) The member has received verification from the fund that the out-of-state service is, as of that date, valid.

(d) Out-of-state years that qualify a member for retirement in an out-of-state system or in a federal retirement system may not be granted under this section.

(e) After April 1, 1965, at least ten (10) years of in-state service is required before a member may claim any out-of-state service credits.

(f) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;

may withdraw the personal contributions made under the contributory plan plus accumulated interest after submitting a properly completed application for a refund to the fund.

(g) The following apply to the purchase of service credit under this section after July 1, 1998:

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

(h) Contributions received after July 1, 1993, for the purchase of service credit under this section must be applied against the unfunded accrued liability of the fund.

SECTION 8. IC 5-10.4-4-5, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. (a) As used in this section, "private teaching service" means service in Indiana as a teacher in a private school, kindergarten through postsecondary, that would be creditable service if performed in an accredited public school in Indiana.

(b) A member may purchase **and claim** private teaching service credit subject to the following:



- (1) The member must have at least one (1) year of credited service in the fund.
- (2) The member must have at least ten (10) years of in-state credited service before the member may claim the service credit.
- (3) Before the member retires, the member must make contributions to the fund:
 - (A) that are equal to the product of:
 - (i) the member's salary at the time the member actually makes a contribution for the service credit;
 - (ii) a percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and
 - (iii) the number of years of private teaching service the member intends to purchase; and
 - (B) for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.
- (4) The fund must receive verification from the private school that the private teaching service occurred.
- (c) Service for years of private teaching that qualify a member for retirement in an out-of-state system, a private retirement system, or a federal retirement system may not be granted under this section.
- (d) A member who:
 - (1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or
 - (2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act;may withdraw the personal contributions made under the contributory plan plus accumulated interest after submitting to the fund a properly completed application for a refund.
- (e) The following apply to the purchase of service credit under this section:
 - (1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.
 - (2) The board may deny an application for the purchase of service



credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 9. IC 5-10.4-4-6, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) As used in this section, "substitute teaching service" means service in Indiana as a substitute teacher that is not covered under section 1(c) of this chapter but is served by a person who has other service that is covered under section 1(a) of this chapter.

(b) A member may purchase **and claim** substitute teaching service if:

(1) the member has at least one (1) year of creditable service in the fund;

(2) before the member retires, the member makes contributions to the fund:

(A) that are equal to the product of:

(i) the member's salary at the time the member actually makes a contribution for the service credit;

(ii) a percentage rate, as determined by the actuary of the fund, based on the age of the member at the time the member makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and

(iii) the number of years of substitute teaching service the member intends to purchase; and

(B) for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member; and

(3) the fund receives verification from the school corporation that the substitute teaching service occurred.

(c) Service for years of substitute teaching that qualify a member for retirement in an out-of-state system or in a federal retirement system may not be granted under this section.

(d) A member who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or

(2) receives a monthly allowance for the same service from



another tax supported public employee retirement plan other than under the federal Social Security Act;
 may withdraw the personal contributions made under the contributory plan plus accumulated interest after submitting to the fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

- (1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.
- (2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

SECTION 10. IC 5-10.4-4-8, AS AMENDED BY P.L.115-2009, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8. (a) This subsection applies to a member who retires before July 1, 1980. A member who had completed four (4) years of approved college teacher education before voluntary or involuntary induction into the military services is entitled to credit for that service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if before or during the leave of absence the member pays into the fund the member's contributions. Time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter.

(b) This subsection applies to a member who retires after June 30, 1980. A member who completed four (4) years of approved college teacher education before voluntary or involuntary induction into military service is entitled to credit for the member's active military service as if the member had begun teaching before the induction. A member who serves in military service is considered a teacher and is entitled to the benefits of the fund if the following conditions are met:

- (1) The member has an honorable discharge.
- (2) Except as provided in subsection (g), the member returns to active teaching service not later than twenty-four (24) months



after the completion of active military service.

- (3) The member has at least ten (10) years of in-state service credit.

The time served by a member in military service for the duration of the hostilities or for the length of active service in the hostilities and the necessary demobilization time after the hostilities is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(c) This subsection applies to a member who retires after May 1, 1989. A member who had begun but had not completed four (4) years of approved college teacher education before voluntary or involuntary induction into the military services is entitled to service credit in an amount equal to the duration of the member's active military service if the following conditions are met:

- (1) The member has an honorable discharge.
- (2) Except as provided in subsection (g), the member returns to a four (4) year approved college teacher training program not later than twenty-four (24) months after the completion of active military service and subsequently completes that program.
- (3) The member has at least ten (10) years of in-state service credit.

The time served by a member in active military service for the length of active service in the hostilities and the necessary demobilization is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(d) This subsection applies to a member who retires after May 1, 1991, and who is employed at a state educational institution. A member who had begun but had not completed baccalaureate or post-baccalaureate education before voluntary or involuntary induction into military service is entitled to the member's active military service credit for the member's active military service in an amount equal to the duration of the member's military service if the following conditions are met:

- (1) The member received an honorable discharge.
- (2) Except as provided in subsection (g), the member returns to baccalaureate or post-baccalaureate education not later than twenty-four (24) months after completion of active military service and subsequently completes that education.
- (3) The member has at least ten (10) years of in-state service credit.



The time served by a member in active military service for the length of active service in the hostilities and the necessary demobilization is not subject to the one-seventh rule set forth in section 7 of this chapter. However, not more than six (6) years of military service credit may be granted under this subsection.

(e) For purposes of this section, a member returns to active teaching service on the earlier of:

- (1) the date on which the member signs a teacher's contract; or
- (2) the date on which the member is first employed in a position covered by this article.

(f) For purposes of this section, a member returns to:

- (1) a teacher training program; or
- (2) baccalaureate or post-baccalaureate education;

on the date the member registers for or enrolls in classes that the member attends.

(g) The board shall extend the twenty-four (24) month deadline contained in subsection (b)(2), (c)(2), or (d)(2) if the board determines that an illness, an injury, or a disability related to the member's military service prevented the member from returning to active teaching service or to a teacher education program not later than twenty-four (24) months after the member's discharge from military service. However, the board may not extend the deadline beyond forty-eight (48) months after the member's discharge.

(h) If a member retires and the board subsequently determines that the member is entitled to additional service credit due to the extension of a deadline under subsection (g), the board shall recompute the member's benefit. However, the additional service credit may be used only in the computation of benefits to be paid after the date of the board's determination, and the member is not entitled to a recomputation of benefits received before the date of the board's determination.

(i) Notwithstanding any provision of this section, a member is entitled to military service credit and benefits in the amount and to the extent required by the federal Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.), including all later amendments.

(j) Subject to this section, an active member may purchase **and claim** not more than two (2) years of service credit for the member's service on active duty in the armed services if the member meets the following conditions:

- (1) The member has at least one (1) year of credited service in the fund.



(2) The member serves on active duty in the armed services of the United States for at least six (6) months.

(3) The member receives an honorable discharge from the armed services.

(4) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of:

(i) the member's salary at the time the member actually makes a contribution for the service credit;

(ii) a rate, determined by the actuary of the fund, that is based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased; and

(iii) the number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

However, a member is entitled to purchase service credit under this subsection only to the extent that service credit is not granted for that time under another provision of this section. At least ten (10) years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section. A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance or receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(k) The following apply to the purchase of service credit under subsection (j):

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of



determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit.

(l) This subsection applies to a member who retires after June 30, 2006. A member may not receive credit under this section for service for which the member receives service credit under the terms of a military or another governmental retirement plan.

SECTION 11. IC 36-8-8-8.3, AS AMENDED BY P.L.35-2012, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8.3. (a) This section applies to a fund member who, after June 30, 2009, completes service for which the 1977 fund gives credit.

(b) A fund member may purchase **and claim** not more than two (2) years of service credit for the fund member's service on active duty in the armed services if the fund member meets the following conditions:

(1) The fund member has at least one (1) year of credited service in the fund.

(2) The fund member serves on active duty in the armed services of the United States for at least six (6) months.

(3) The fund member receives an honorable discharge from the armed services.

(4) Before the fund member retires, the fund member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the 1977 fund, that is based on the age of the fund member at the time the fund member actually makes a contribution for service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(c) A fund member must have at least twenty (20) years of service before a fund member may receive a benefit based on a service credit



purchased under this section. A fund member's years of service may not exceed thirty-two (32) years with the inclusion of the service credit purchased under this section.

(d) A fund member may not receive service credit under this section:

- (1) for service credit received under IC 36-8-5-7; or
- (2) if the military service for which the fund member requests credit also qualifies the fund member for a benefit in a military or another governmental retirement system.

(e) A fund member who:

- (1) terminates service before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the 1977 fund; or
- (2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the fund a properly completed application for a refund.

(f) The following apply to the purchase of service credit under this section:

- (1) The system board may allow a fund member to make periodic payments of the contributions required for the purchase of the service credit. The system board shall determine the length of the period during which the payments must be made.
- (2) The system board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.
- (3) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(g) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.
- (3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or



a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 12. IC 36-8-8-8.5, AS AMENDED BY P.L.35-2012, SECTION 123, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8.5. (a) This section applies to a fund member who, after June 30, 2010, completes service for which the 1977 fund gives credit.

(b) As used in this section, "public retirement fund" refers to any of the following, either singly or collectively:

(1) The public employees' retirement fund (IC 5-10.3).

(2) The Indiana state teachers' retirement fund (IC 5-10.4).

(3) The state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement fund (IC 5-10-5.5).

(4) The state police pension trust (IC 10-12).

(5) A sheriff's pension trust (IC 36-8-10-12).

(c) Subject to this section, a fund member may purchase **and claim** service credit for the fund member's prior service in a position covered by a public retirement fund.

(d) To purchase **and claim** the service credit described in subsection (c), a fund member must meet the following requirements:

(1) The fund member has at least one (1) year of creditable service in the 1977 fund.

(2) The fund member has not attained vested status in and is not an active member in the public retirement fund from which the fund member is purchasing service credit.

(3) Before the fund member retires, the fund member makes contributions to the 1977 fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member actually makes a contribution for the



service credit.

(ii) A rate, determined by the actuary for the 1977 fund, that is based on the age of the fund member at the time the fund member actually makes a contribution for the service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(e) At the request of the fund member purchasing service credit under this section, the amount a fund member is required to contribute under subsection (d)(3) may be reduced by a trustee to trustee transfer from the public retirement fund in which the fund member has an account that contains amounts attributable to member contributions (plus any credited earnings) to the 1977 fund. The fund member may direct the transfer of an amount only to the extent necessary to fund the service purchase under subsection (d)(3). The fund member shall complete any forms required by the public retirement fund from which the fund member is requesting a transfer or the 1977 fund before the transfer is made.

(f) A fund member must have at least twenty (20) years of service in the 1977 fund before a fund member may receive a retirement benefit based on service credit purchased under this section. A fund member's years of service may not exceed thirty-two (32) years with the inclusion of the service credit purchased under this section.

(g) A fund member who:

- (1) terminates employment before satisfying the eligibility requirements necessary to receive a retirement benefit payment from the 1977 fund; or
- (2) receives a retirement benefit for the same service from another tax supported governmental retirement plan other than the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting a properly completed application for a refund to the 1977 fund.

(h) The following apply to the purchase of service credit under this section:

- (1) The system board may allow a fund member to make periodic



payments of the contributions required for the purchase of the service credit. The system board shall determine the length of the period during which the payments may be made.

(2) The system board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

(k) The fund member's employer may pay all or a part of the fund member's contributions required for the purchase of service credit under this section. In that event, the actuary shall determine the amortization, and subsections (g), (h)(1), (h)(3), and (i) do not apply.

SECTION 13. IC 36-8-8-8.8, AS AMENDED BY P.L.35-2012, SECTION 124, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8.8. (a) This section applies to a fund member who, after June 30, 2010, completes service for which the 1977 fund gives credit.

(b) As used in this section, "out-of-state service" means service in



another state in a comparable position for which the fund member would receive service credit in the 1977 fund if the service had been performed in Indiana.

(c) Subject to subsections (d) through (g), a fund member may purchase **and claim** out-of-state service credit if the fund member meets the following requirements:

(1) The fund member has at least one (1) year of credited service in the 1977 fund.

(2) Before the fund member retires, the fund member makes contributions to the 1977 fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member makes a contribution for the service credit.

(ii) A rate, determined by the actuary for the 1977 fund, that is based on the age of the fund member at the time the fund member makes a contribution for the service credit and that is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(3) The fund member has received verification from the 1977 fund that the out-of-state service is, as of the date payment is made by the fund member, valid.

(d) A fund member must have at least twenty (20) years of service before the fund member may receive a benefit based on service credit purchased under this section. A fund member's years of service may not exceed thirty-two (32) years with the inclusion of service credit purchased under this section.

(e) A fund member may not receive service credit under this section if the service for which the fund member requests credit also qualifies the fund member for a benefit in another governmental retirement system.

(f) A fund member who:

(1) terminates service before satisfying the eligibility requirements necessary to receive a retirement benefit payment



from the 1977 fund; or

(2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

(g) The following apply to the purchase of service credit under this section:

(1) The system board may allow a fund member to make periodic payments of the contributions required for the purchase of the service credit. The system board shall determine the length of the period during which the payments must be made.

(2) The system board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) The fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.

(h) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code.

(i) To the extent permitted by the Internal Revenue Code and the applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.



(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.".

Renumber all SECTIONS consecutively.

(Reference is to SB 265 as printed January 16, 2015.)

KRUSE

COMMITTEE REPORT

Mr. Speaker: Your Committee on Employment, Labor and Pensions, to which was referred Senate Bill 265, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to SB 265 as reprinted January 27, 2015.)

GUTWEIN

Committee Vote: Yeas 11, Nays 0

